

SECOND REGULAR SESSION

SENATE BILL NO. 927

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GROSS.

Read 1st time January 23, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

4248S.021

AN ACT

To repeal sections 32.115, 33.282, 100.297, 135.313, 135.352, 135.403, 135.484, 135.503, 135.535, 135.545, 135.700, 135.750, 135.766, 253.545, 253.557, 253.559, 320.093, 348.302, 447.708, and 620.650, RSMo, and to enact in lieu thereof seventeen new sections relating to limitations upon issuance and redemption of economic development tax credits.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 32.115, 33.282, 100.297, 135.313, 135.352, 135.403, 135.484, 135.503, 135.535, 135.545, 135.700, 135.750, 135.766, 253.545, 253.557, 253.559, 320.093, 348.302, 447.708, and 620.650, RSMo, are repealed and seventeen new sections enacted in lieu thereof, to be known as sections 32.115, 33.282, 100.297, 135.313, 135.352, 135.403, 135.484, 135.503, 135.535, 135.545, 253.545, 253.557, 253.559, 320.093, 348.302 447.708, and 620.650, to read as follows:

32.115. 1. The department of revenue shall grant a tax credit, to be applied in the following order until used, against:

(1) The annual tax on gross premium receipts of insurance companies in chapter 148, RSMo;

(2) The tax on banks determined pursuant to subdivision (2) of subsection 2 of section 148.030, RSMo;

(3) The tax on banks determined in subdivision (1) of subsection 2 of section 148.030, RSMo;

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

- 9 (4) The tax on other financial institutions in chapter 148, RSMo;
10 (5) The corporation franchise tax in chapter 147, RSMo;
11 (6) The state income tax in chapter 143, RSMo; and
12 (7) The annual tax on gross receipts of express companies in chapter 153,
13 RSMo.

14 2. For proposals approved pursuant to section 32.110:

15 (1) The amount of the tax credit shall not exceed fifty percent of the total
16 amount contributed during the taxable year by the business firm or, in the case
17 of a financial institution, where applicable, during the relevant income period in
18 programs approved pursuant to section 32.110;

19 (2) Except as provided in subsection 2 or 5 of this section, a tax credit of
20 up to seventy percent may be allowed for contributions to programs where
21 activities fall within the scope of special program priorities as defined with the
22 approval of the governor in regulations promulgated by the director of the
23 department of economic development;

24 (3) Except as provided in subsection 2 or 5 of this section, the tax credit
25 allowed for contributions to programs located in any community shall be equal to
26 seventy percent of the total amount contributed where such community is a city,
27 town or village which has fifteen thousand or less inhabitants as of the last
28 decennial census and is located in a county which is either located in:

- 29 (a) An area that is not part of a standard metropolitan statistical area;
30 (b) A standard metropolitan statistical area but such county has only one
31 city, town or village which has more than fifteen thousand inhabitants; or
32 (c) A standard metropolitan statistical area and a substantial number of
33 persons in such county derive their income from agriculture.

34 Such community may also be in an unincorporated area in such county as
35 provided in subdivision (1), (2) or (3) of this subsection. Except in no case shall
36 the total economic benefit of the combined federal and state tax savings to the
37 taxpayer exceed the amount contributed by the taxpayer during the tax year;

38 (4) Such tax credit allocation, equal to seventy percent of the total amount
39 contributed, shall not exceed four million dollars in fiscal year 1999 and six
40 million dollars in fiscal year 2000 and any subsequent fiscal year. When the
41 maximum dollar limit on the seventy percent tax credit allocation is committed,
42 the tax credit allocation for such programs shall then be equal to fifty percent
43 credit of the total amount contributed. Regulations establishing special program
44 priorities are to be promulgated during the first month of each fiscal year and at
45 such times during the year as the public interest dictates. Such credit shall not

46 exceed two hundred and fifty thousand dollars annually except as provided in
47 subdivision (5) of this subsection. No tax credit shall be approved for any bank,
48 bank and trust company, insurance company, trust company, national bank,
49 savings association, or building and loan association for activities that are a part
50 of its normal course of business. Any tax credit not used in the period the
51 contribution was made may be carried over the next five succeeding calendar or
52 fiscal years until the full credit has been claimed. Except as otherwise provided
53 for proposals approved pursuant to section 32.111, 32.112 or 32.117, in no event
54 shall the total amount of all other tax credits allowed pursuant to sections 32.100
55 to 32.125 exceed thirty-two million dollars in any one fiscal year, of which six
56 million shall be credits allowed pursuant to section 135.460, RSMo. If six million
57 dollars in credits are not approved, then the remaining credits may be used for
58 programs approved pursuant to sections 32.100 to 32.125;

59 (5) The credit may exceed two hundred fifty thousand dollars annually and
60 shall not be limited if community services, crime prevention, education, job
61 training, physical revitalization or economic development, as defined by section
62 32.105, is rendered in an area defined by federal or state law as an impoverished,
63 economically distressed, or blighted area or as a neighborhood experiencing
64 problems endangering its existence as a viable and stable neighborhood, or if the
65 community services, crime prevention, education, job training, physical
66 revitalization or economic development is limited to impoverished persons.

67 3. For proposals approved pursuant to section 32.111:

68 (1) The amount of the tax credit shall not exceed fifty-five percent of the
69 total amount invested in affordable housing assistance activities or market rate
70 housing in distressed communities as defined in section 135.530, RSMo, by a
71 business firm. Whenever such investment is made in the form of an equity
72 investment or a loan, as opposed to a donation alone, tax credits may be claimed
73 only where the loan or equity investment is accompanied by a donation which is
74 eligible for federal income tax charitable deduction, and where the total value of
75 the tax credits herein plus the value of the federal income tax charitable
76 deduction is less than or equal to the value of the donation. Any tax credit not
77 used in the period for which the credit was approved may be carried over the next
78 [ten] **five** succeeding calendar or fiscal years until the full credit has been
79 allowed. If the affordable housing units or market rate housing units in
80 distressed communities for which a tax is claimed are within a larger structure,
81 parts of which are not the subject of a tax credit claim, then expenditures
82 applicable to the entire structure shall be reduced on a prorated basis in

83 proportion to the ratio of the number of square feet devoted to the affordable
84 housing units or market rate housing units in distressed communities, for
85 purposes of determining the amount of the tax credit. The total amount of tax
86 credit granted for programs approved pursuant to section 32.111 for the fiscal
87 year beginning July 1, 1991, shall not exceed two million dollars, to be increased
88 by no more than two million dollars each succeeding fiscal year, until the total tax
89 credits that may be approved reaches ten million dollars in any fiscal year;

90 (2) For any year during the compliance period indicated in the land use
91 restriction agreement, the owner of the affordable housing rental units for which
92 a credit is being claimed shall certify to the commission that all tenants renting
93 claimed units are income eligible for affordable housing units and that the rentals
94 for each claimed unit are in compliance with the provisions of sections 32.100 to
95 32.125. The commission is authorized, in its discretion, to audit the records and
96 accounts of the owner to verify such certification;

97 (3) In the case of owner-occupied affordable housing units, the qualifying
98 owner occupant shall, before the end of the first year in which credits are claimed,
99 certify to the commission that the occupant is income eligible during the
100 preceding two years, and at the time of the initial purchase contract, but not
101 thereafter. The qualifying owner occupant shall further certify to the commission,
102 before the end of the first year in which credits are claimed, that during the
103 compliance period indicated in the land use restriction agreement, the cost of the
104 affordable housing unit to the occupant for the claimed unit can reasonably be
105 projected to be in compliance with the provisions of sections 32.100 to
106 32.125. Any succeeding owner occupant acquiring the affordable housing unit
107 during the compliance period indicated in the land use restriction agreement shall
108 make the same certification;

109 (4) If at any time during the compliance period the commission determines
110 a project for which a proposal has been approved is not in compliance with the
111 applicable provisions of sections 32.100 to 32.125 or rules promulgated therefor,
112 the commission may within one hundred fifty days of notice to the owner either
113 seek injunctive enforcement action against the owner, or seek legal damages
114 against the owner representing the value of the tax credits, or foreclose on the
115 lien in the land use restriction agreement, selling the project at a public sale, and
116 paying to the owner the proceeds of the sale, less the costs of the sale and less the
117 value of all tax credits allowed herein. The commission shall remit to the director
118 of revenue the portion of the legal damages collected or the sale proceeds
119 representing the value of the tax credits. However, except in the event of

120 intentional fraud by the taxpayer, the proposal's certificate of eligibility for tax
121 credits shall not be revoked.

122 4. For proposals approved pursuant to section 32.112, the amount of the
123 tax credit shall not exceed fifty-five percent of the total amount contributed to a
124 neighborhood organization by business firms. Any tax credit not used in the
125 period for which the credit was approved may be carried over the next [ten] **five**
126 succeeding calendar or fiscal years until the full credit has been allowed. The
127 total amount of tax credit granted for programs approved pursuant to section
128 32.112 shall not exceed one million dollars for each fiscal year.

129 5. The total amount of tax credits used for market rate housing in
130 distressed communities pursuant to sections 32.100 to 32.125 shall not exceed
131 thirty percent of the total amount of all tax credits authorized pursuant to
132 sections 32.111 and 32.112.

33.282. 1. Subject to appropriation the office of administration shall
2 develop a tax expenditure budget for submission to the general assembly in
3 conjunction with the submission of the state budget as required in section
4 33.280. The tax expenditure budget shall indicate, on an annual basis, the
5 reduction in revenue collections for each fiscal year as a result of each deduction,
6 exemption, credit or other tax preference as may be authorized by law, and shall
7 indicate, where appropriate, the tax source of each state-funded
8 program. Periodically the tax expenditure budget shall include a cost-benefit
9 analysis of the following:

- 10 (1) The neighborhood assistance program, sections 32.100 to 32.125,
11 RSMo;
- 12 (2) Tax increment financing, sections 99.800 to 99.865, RSMo;
- 13 (3) Export and infrastructure funding, sections 100.250 to 100.297, RSMo;
- 14 (4) Credit for new expanded business facility, sections 135.100 to 135.150,
15 RSMo;
- 16 (5) Enterprise zones, sections 135.200 to 135.256, RSMo;
- 17 (6) Main street program, sections 251.470 to 251.485, RSMo;
- 18 (7) Economic development districts, sections 251.500 to 251.510, RSMo;
- 19 (8) Rural economic development, sections 620.155 to 620.165, RSMo;
- 20 (9) Export development, sections 620.170 to 620.174, RSMo;
- 21 (10) Small business incubator program, section 620.495, RSMo; and
- 22 (11) Other programs as may be practical. Pursuant to the provisions of
23 section 32.057, RSMo, the department of revenue shall not release information as
24 part of the tax expenditure budget in a manner that would allow the

25 identification of any individual taxpayer.

26 2. On or before October first of each year each state department
27 authorized by law to offer deductions, exemptions, credits or other tax preferences
28 shall submit to the budget director the estimated amount of such tax expenditures
29 for the fiscal year beginning July first of the following year and a cost/benefit
30 analysis of such tax expenditures for the preceding fiscal year. Such estimates
31 and analysis shall be in the manner and form prescribed by the budget director
32 and shall be submitted by the budget director to the chairman of the senate
33 appropriations committee and the chairman of the house budget committee by
34 January first of each year.

35 3. No new tax credits, except the senior citizens property tax credit as
36 referenced in chapter 135, RSMo, shall be issued or certified for any tax year
37 beginning after July first of the following year unless the estimate of such credits
38 have been reviewed and approved by a majority of the senate appropriations
39 committee and the house budget committee.

40 4. **For purposes of subsections 5 and 6 of this section, the term**
41 **"economic development tax credit" shall include the following:**

42 **(1) The charcoal producers tax credit program as authorized by**
43 **section 135.313, RSMo;**

44 **(2) The wood energy tax credit program as authorized by sections**
45 **135.300 to 135.311, RSMo;**

46 **(3) The recycling cellulose casings tax credit program as**
47 **authorized by section 260.285, RSMo;**

48 **(4) The new and expanded business facility tax credit program as**
49 **authorized under sections 135.100 to 135.150 and 135.258, RSMo;**

50 **(5) The enterprise zone tax benefit program as authorized under**
51 **sections 135.200 to 135.270, RSMo;**

52 **(6) The historic preservation tax credit program as authorized**
53 **under sections 253.545 to 253.561, RSMo;**

54 **(7) The Brownfield remediation program, sections 447.700 to**
55 **447.718, RSMo;**

56 **(8) The Brownfield demolition program, sections 447.700 to**
57 **447.718, RSMo; and**

58 **(9) The Brownfield jobs investment program, sections 447.700 to**
59 **447.718, RSMo.**

60 5. **For fiscal year 2008, and every subsequent fiscal year, the**
61 **issuance of economic development tax credits allowable shall be limited**

62 to two and five-tenths percent of the net general revenue of the state for
63 the preceding fiscal year. No tax credits shall be issued for any
64 economic development tax credit program listed in subsection 4 of this
65 section until all tax credits that were previously denied under this
66 subsection have been issued.

67 6. For fiscal year 2008, and every subsequent fiscal year, the
68 redemption of economic development tax credits allowable shall be
69 limited to two and five-tenths percent of the net general revenue of the
70 state for the preceding fiscal year. No tax credits shall be redeemed for
71 any economic development tax credit program listed in subsection 4 of
72 this section until all tax credits that were previously denied under this
73 subsection have been redeemed.

74 7. For the purposes of this section, all returns containing credits
75 will be processed on a first to file, first to be processed basis. In the
76 event a valid credit is denied due to lack of available appropriations, the
77 returns will be held and processed beginning on the first day of July
78 following the filing date in the order they were received. Returns
79 received on or after the first day of July will only be processed after all
80 returns held from the prior year are completed.

81 (1) In the event of a credit denial, due to lack of available
82 appropriations, causes a balance due notice to be generated by the
83 department of revenue, or any other redeeming agency, the taxpayer will
84 not be held liable for any penalty or interest provided the balance is
85 paid, or approved payment arrangements have been made, within sixty
86 days from notice of denial.

87 (2) In the event the balance is not paid within sixty days from the
88 notice of denial, the remaining balance shall be due and payable under
89 the provisions of chapter 143, RSMo. Any returns held and processed
90 beginning on the first day of July due to a prior year denial based on a
91 lack of available appropriations will be considered as filed on the first
92 day of July. No interest will accrue on any refund generated on a return
93 so held if the refund is issued before October first.

100.297. 1. The board may authorize a tax credit, as described in this
2 section, to the owner of any revenue bonds or notes issued by the board pursuant
3 to the provisions of sections 100.250 to 100.297, for infrastructure facilities as
4 defined in subdivision (9) of section 100.255, if, prior to the issuance of such bonds
5 or notes, the board determines that:

6 (1) The availability of such tax credit is a material inducement to the
7 undertaking of the project in the state of Missouri and to the sale of the bonds or
8 notes;

9 (2) The loan with respect to the project is adequately secured by a first
10 deed of trust or mortgage or comparable lien, or other security satisfactory to the
11 board.

12 2. Upon making the determinations specified in subsection 1 of this
13 section, the board may declare that each owner of an issue of revenue bonds or
14 notes shall be entitled, in lieu of any other deduction with respect to such bonds
15 or notes, to a tax credit against any tax otherwise due by such owner pursuant
16 to the provisions of chapter 143, RSMo, excluding withholding tax imposed by
17 sections 143.191 to 143.261, RSMo, chapter 147, RSMo, or chapter 148, RSMo, in
18 the amount of one hundred percent of the unpaid principal of and unpaid interest
19 on such bonds or notes held by such owner in the taxable year of such owner
20 following the calendar year of the default of the loan by the borrower with respect
21 to the project. The occurrence of a default shall be governed by documents
22 authorizing the issuance of the bonds. The tax credit allowed pursuant to this
23 section shall be available to the original owners of the bonds or notes or any
24 subsequent owner or owners thereof. Once an owner is entitled to a claim, any
25 such tax credits shall be transferable as provided in subsection 7 of section
26 100.286. Notwithstanding any provision of Missouri law to the contrary, any
27 portion of the tax credit to which any owner of a revenue bond or note is entitled
28 pursuant to this section which exceeds the total income tax liability of such owner
29 of a revenue bond or note shall be carried forward and allowed as a credit against
30 any future taxes imposed on such owner within the next **[ten] five** years
31 pursuant to the provisions of chapter 143, RSMo, excluding withholding tax
32 imposed by sections 143.191 to 143.261, RSMo, chapter 147, RSMo, or chapter
33 148, RSMo. The eligibility of the owner of any revenue bond or note issued
34 pursuant to the provisions of sections 100.250 to 100.297 for the tax credit
35 provided by this section shall be expressly stated on the face of each such bond
36 or note. The tax credit allowed pursuant to this section shall also be available to
37 any financial institution or guarantor which executes any credit facility as
38 security for bonds issued pursuant to this section to the same extent as if such
39 financial institution or guarantor was an owner of the bonds or notes, provided
40 however, in such case the tax credits provided by this section shall be available
41 immediately following any default of the loan by the borrower with respect to the
42 project. In addition to reimbursing the financial institution or guarantor for

43 claims relating to unpaid principal and interest, such claim may include payment
44 of any unpaid fees imposed by such financial institution or guarantor for use of
45 the credit facility.

46 3. The aggregate principal amount of revenue bonds or notes outstanding
47 at any time with respect to which the tax credit provided in this section shall be
48 available shall not exceed fifty million dollars.

135.313. 1. Any person, firm or corporation who engages in the business
2 of producing charcoal or charcoal products in the state of Missouri shall be
3 eligible for a tax credit on income taxes otherwise due pursuant to chapter 143,
4 RSMo, except sections 143.191 to 143.261, RSMo, as an incentive to implement
5 safe and efficient environmental controls. The tax credit shall be equal to fifty
6 percent of the purchase price of the best available control technology equipment
7 connected with the production of charcoal in the state of Missouri or, if the
8 taxpayer manufactures such equipment, fifty percent of the manufacturing cost
9 of the equipment, to and including the year the equipment is put into
10 service. The credit may be claimed for a period of eight years beginning with the
11 1998 calendar year and is to be a tax credit against the tax otherwise due.

12 2. Any amount of credit which exceeds the tax due shall not be refunded
13 but may be carried over to any subsequent taxable year, not to exceed [seven]
14 **five** years.

15 3. The charcoal producer may elect to assign to a third party the approved
16 tax credit. Certification of assignment and other appropriate forms must be filed
17 with the Missouri department of revenue and the department of economic
18 development.

19 4. When applying for a tax credit, the charcoal producer specified in
20 subsection 1 of this section shall make application for the credit to the division
21 of environmental quality of the department of natural resources. The application
22 shall identify the specific best available control technology equipment and the
23 purchase price, or manufacturing cost of such equipment. The director of the
24 department of natural resources is authorized to require permits to construct
25 prior to the installation of best available control technology equipment and other
26 information which he or she deems appropriate.

27 5. The director of the department of natural resources in conjunction with
28 the department of economic development shall certify to the department of
29 revenue that the best available control technology equipment meets the
30 requirements to obtain a tax credit as specified in this section.

135.352. 1. A taxpayer owning an interest in a qualified Missouri project

2 shall be allowed a state tax credit, whether or not allowed a federal tax credit, to
3 be termed the Missouri low-income housing tax credit, if the commission issues
4 an eligibility statement for that project.

5 2. For qualified Missouri projects placed in service after January 1, 1997,
6 the Missouri low-income housing tax credit available to a project shall be such
7 amount as the commission shall determine is necessary to ensure the feasibility
8 of the project, up to an amount equal to the federal low-income housing tax credit
9 for a qualified Missouri project, for a federal tax period, and such amount shall
10 be subtracted from the amount of state tax otherwise due for the same tax period.

11 3. The Missouri low-income housing tax credit shall be taken against the
12 taxes and in the order specified pursuant to section 32.115, RSMo. The credit
13 authorized by this section shall not be refundable. Any amount of credit that
14 exceeds the tax due for a taxpayer's taxable year may be carried [back to any of
15 the taxpayer's three prior taxable years or carried] forward to any of the
16 taxpayer's five subsequent taxable years.

17 4. All or any portion of Missouri tax credits issued in accordance with the
18 provisions of sections 135.350 to 135.362 may be allocated to parties who are
19 eligible pursuant to the provisions of subsection 1 of this section. Beginning
20 January 1, 1995, for qualified projects which began on or after January 1, 1994,
21 an owner of a qualified Missouri project shall certify to the director the amount
22 of credit allocated to each taxpayer. The owner of the project shall provide to the
23 director appropriate information so that the low-income housing tax credit can be
24 properly allocated.

25 5. In the event that recapture of Missouri low-income housing tax credits
26 is required pursuant to subsection 2 of section 135.355, any statement submitted
27 to the director as provided in this section shall include the proportion of the state
28 credit required to be recaptured, the identity of each taxpayer subject to the
29 recapture and the amount of credit previously allocated to such taxpayer.

30 6. The director of the department may promulgate rules and regulations
31 necessary to administer the provisions of this section. No rule or portion of a rule
32 promulgated pursuant to the authority of this section shall become effective
33 unless it has been promulgated pursuant to the provisions of section 536.024,
34 RSMo.

135.403. 1. Any investor who makes a qualified investment in a Missouri
2 small business shall be entitled to receive a tax credit equal to forty percent of
3 the amount of the investment or, in the case of a qualified investment in a
4 Missouri small business in a distressed community as defined by section 135.530,

5 a credit equal to sixty percent of the amount of the investment, and any investor
6 who makes a qualified investment in a community bank or a community
7 development corporation shall be entitled to receive a tax credit equal to fifty
8 percent of the amount of the investment if the investment is made in a
9 community bank or community development corporation for direct
10 investment. The total amount of tax credits available for qualified investments
11 in Missouri small businesses shall not exceed thirteen million dollars and at least
12 four million dollars of the amount authorized by this section and certified by the
13 department of economic development shall be for investment in Missouri small
14 businesses in distressed communities. Authorization for all or any part of this
15 four-million-dollar amount shall in no way restrict the eligibility of Missouri small
16 businesses in distressed communities, as defined in section 135.530, for the
17 remaining amounts authorized within this section. No more than twenty percent
18 of the tax credits available each year for investments in community banks or
19 community development corporations for direct investment shall be certified for
20 any one project, as defined in section 135.400. The tax credit shall be evidenced
21 by a tax credit certificate in accordance with the provisions of sections 135.400 to
22 135.430 and may be used to satisfy the state tax liability of the owner of the
23 certificate that becomes due in the tax year in which the qualified investment is
24 made, or in any of the **[ten] five** tax years thereafter. When the qualified small
25 business is in a distressed community, as defined in section 135.530, the tax
26 credit may also be used to satisfy the state tax liability of the owner of the
27 certificate that was due **[during each of the previous three years in addition to]**
28 the year in which the investment is made and any of the **[ten] five** years
29 thereafter. No investor may receive a tax credit pursuant to sections 135.400 to
30 135.430 unless that person presents a tax credit certificate to the department of
31 revenue for payment of such state tax liability. The department of revenue shall
32 grant tax credits in the same order as established by subsection 1 of section
33 32.115, RSMo. Subject to the provisions of sections 135.400 to 135.430,
34 certificates of tax credit issued in accordance with these sections may be
35 transferred, sold or assigned by notarized endorsement thereof which names the
36 transferee.

37 2. Five hundred thousand dollars in tax credits shall be available annually
38 from the total amount of tax credits authorized by section 32.110, RSMo, and
39 subdivision (4) of subsection 2 of section 32.115, RSMo, as a result of investments
40 in community banks or community development corporations. Aggregate
41 investments eligible for tax credits in any one Missouri small business shall not

42 be more than one million dollars. Aggregate investments eligible for tax credits
43 in any one Missouri small business shall not be less than five thousand dollars
44 as of the date of issuance of the first tax credit certificate for investment in that
45 business.

46 3. This section and section 620.1039, RSMo, shall become effective
47 January 1, 2001.

135.484. 1. Beginning January 1, 2000, tax credits shall be allowed
2 pursuant to section 135.481 in an amount not to exceed sixteen million dollars per
3 year. Of this total amount of tax credits in any given year, eight million dollars
4 shall be set aside for projects in areas described in subdivision (6) of section
5 135.478 and eight million dollars for projects in areas described in subdivision
6 (10) of section 135.478. The maximum tax credit for a project consisting of
7 multiple-unit qualifying residences in a distressed community shall not exceed
8 three million dollars.

9 2. Any amount of credit which exceeds the tax liability of a taxpayer for
10 the tax year in which the credit is first claimed may be carried [back to any of the
11 taxpayer's three prior tax years and carried] forward to any of the taxpayer's five
12 subsequent tax years. A certificate of tax credit issued to a taxpayer by the
13 department may be assigned, transferred, sold or otherwise conveyed. Whenever
14 a certificate of tax credit is assigned, transferred, sold or otherwise conveyed, a
15 notarized endorsement shall be filed with the department specifying the name
16 and address of the new owner of the tax credit and the value of the credit.

17 3. The tax credits allowed pursuant to sections 135.475 to 135.487 may
18 not be claimed in addition to any other state tax credits, with the exception of the
19 historic structures rehabilitation tax credit authorized pursuant to sections
20 253.545 to 253.559, RSMo, which insofar as sections 135.475 to 135.487 are
21 concerned may be claimed only in conjunction with the tax credit allowed
22 pursuant to subsection 4 of section 135.481. In order for a taxpayer eligible for
23 the historic structures rehabilitation tax credit to claim the tax credit allowed
24 pursuant to subsection 4 of section 135.481, the taxpayer must comply with the
25 requirements of sections 253.545 to 253.559, RSMo, and in such cases, the amount
26 of the tax credit pursuant to subsection 4 of section 135.481 shall be limited to
27 the lesser of twenty percent of the taxpayer's eligible costs or forty thousand
28 dollars.

135.503. 1. Any investor that makes an investment of certified capital
2 shall, in the year of investment, earn a vested credit against state premium tax
3 liability equal to the applicable percentage of the investor's investment of certified

4 capital. An investor shall be entitled to take up to ten percent of the vested
5 credit in any taxable year of the investor. Any time after three years after
6 August 28, 1996, the director, with the approval of the commissioner of
7 administration, may reduce the applicable percentage on a prospective basis. Any
8 such reduction in the applicable percentage by the director shall not have any
9 effect on credits against state premium tax liability which have been claimed or
10 will be claimed by any investor with respect to credits which have been earned
11 and vested pursuant to an investment of certified capital prior to the effective
12 date of any such change.

13 2. An insurance company claiming a state premium tax credit earned
14 through an investment in a certified capital company shall not be required to pay
15 any additional retaliatory tax levied pursuant to section 375.916, RSMo, as a
16 result of claiming such credit.

17 3. The credit against state premium tax liability which is described in
18 subsection 1 of this section may not exceed the state premium tax liability of the
19 investor for any taxable year. All such credits against state premium tax liability
20 may be carried forward [indefinitely] **five years** until the credits are
21 utilized. The maximum amount of certified capital in one or more certified capital
22 companies for which earned and vested tax credits will be allowed in any year to
23 any one investor or its affiliates shall be limited to ten million dollars.

24 4. Except as provided in subsection 5 of this section, the aggregate amount
25 of certified capital for which earned and vested credits against state premium tax
26 liability are allowed for all persons pursuant to sections 135.500 to 135.529 shall
27 not exceed the following amounts: for calendar year 1996, \$0.00; for calendar
28 year 1997, an amount which would entitle all Missouri certified capital company
29 investors to take aggregate credits of five million dollars; and for any year
30 thereafter, an additional amount to be determined by the director but not to
31 exceed aggregate credits of ten million dollars for any year with the approval of
32 the commissioner of administration and reported to the general assembly as
33 provided in subsection 2 of section 33.282, RSMo, provided that the amount so
34 determined shall not impair the ability of an investor with earned and vested
35 credits which have been allowed in previous years to take them, pursuant to
36 subsection 1 of this section. During any calendar year in which the limitation
37 described in this subsection will limit the amount of certified capital for which
38 earned and vested credits against state premium tax liability are allowed,
39 certified capital for which credits are allowed will be allocated in order of priority
40 based upon the date of filing of information described in subdivision (1) of

41 subsection 5 of section 135.516. Certified capital limited in any calendar year by
42 the application of the provisions of this subsection shall be allowed and allocated
43 in the immediately succeeding calendar year in the order of priority set forth in
44 this subsection. The department shall make separate allocations of certified
45 capital for which credits are allowed under the limitations described in this
46 subsection and under the limitations described in subsection 5 of this section.

47 5. In addition to the maximum amount pursuant to subsection 4 of this
48 section, the aggregate amount of certified capital for which earned and vested
49 credits against state premium tax liability are allowed for persons pursuant to
50 sections 135.500 to 135.529 shall be the following: for calendar year 1999 and for
51 any year thereafter, an amount to be determined by the director which would
52 entitle all Missouri certified capital company investors to take aggregate credits
53 not to exceed four million dollars for any year with the approval of the
54 commissioner of administration and reported to the general assembly as provided
55 in subsection 2 of section 33.282, RSMo, provided that the amount so determined
56 shall not impair the ability of an investor with earned and vested credits which
57 have been allowed in previous years or pursuant to the provisions of subsection
58 4 of this section to take them, pursuant to subsection 1 of this section. For
59 purposes of any requirement regarding the schedule of qualified investments for
60 certified capital for which earned and vested credits against state premium tax
61 liability are allowed pursuant to this subsection only, the definition of a "qualified
62 Missouri business" as set forth in subdivision (14) of subsection 2 of section
63 135.500 means a Missouri business that is located in a distressed community as
64 defined in section 135.530, and meets all of the requirements of subdivision (14)
65 of subsection 2 of section 135.500. During any calendar year in which the
66 limitation described in this subsection limits the amount of additional certified
67 capital for which earned and vested credits against state premium tax liability
68 are allowed, additional certified capital for which credits are allowed shall be
69 allocated in order of priority based upon the date of filing of information described
70 in subdivision (1) of subsection 5 of section 135.516 with respect to such
71 additional certified capital. The department shall make separate allocations of
72 certified capital for which credits are allowed under the limitations described in
73 this subsection and under the limitations described in subsection 4 of this section.
74 No limitation applicable to any certified capital company with respect to certified
75 capital for which credits are allowed pursuant to subsection 4 of this section shall
76 limit the amount of certified capital for which credits are allowed pursuant to this
77 subsection. No limitation applicable to any certified capital company with respect

78 to certified capital for which credits are allowed pursuant to this subsection shall
79 limit the amount of certified capital for which credits are allowed pursuant to
80 subsection 4 of this section.

81 6. The department shall advise any Missouri certified capital company, in
82 writing, within fifteen days after receiving the filing described in subdivision (1)
83 of subsection 5 of section 135.516 whether the limitations of subsection 3 of this
84 section then in effect will be applicable with respect to the investments and
85 credits described in such filing with the department.

135.535. 1. A corporation, limited liability corporation, partnership or sole
2 proprietorship, which moves its operations from outside Missouri or outside a
3 distressed community into a distressed community, or which commences
4 operations in a distressed community on or after January 1, 1999, and in either
5 case has more than seventy-five percent of its employees at the facility in the
6 distressed community, and which has fewer than one hundred employees for
7 whom payroll taxes are paid, and which is a manufacturing, biomedical, medical
8 devices, scientific research, animal research, computer software design or
9 development, computer programming, including Internet, web hosting, and other
10 information technology, wireless or wired or other telecommunications or a
11 professional firm shall receive a forty percent credit against income taxes owed
12 pursuant to chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant
13 to sections 143.191 to 143.265, RSMo, for each of the three years after such move,
14 if approved by the department of economic development, which shall issue a
15 certificate of eligibility if the department determines that the taxpayer is eligible
16 for such credit. The maximum amount of credits per taxpayer set forth in this
17 subsection shall not exceed one hundred twenty-five thousand dollars for each of
18 the three years for which the credit is claimed. The department of economic
19 development, by means of rule or regulation promulgated pursuant to the
20 provisions of chapter 536, RSMo, shall assign appropriate North American
21 Industry Classification System numbers to the companies which are eligible for
22 the tax credits provided for in this section. Such three-year credits shall be
23 awarded only one time to any company which moves its operations from outside
24 of Missouri or outside of a distressed community into a distressed community or
25 to a company which commences operations within a distressed community. A
26 taxpayer shall file an application for certification of the tax credits for the first
27 year in which credits are claimed and for each of the two succeeding taxable years
28 for which credits are claimed.

29 2. Employees of such facilities physically working and earning wages for

30 that work within a distressed community whose employers have been approved
31 for tax credits pursuant to subsection 1 of this section by the department of
32 economic development for whom payroll taxes are paid shall also be eligible to
33 receive a tax credit against individual income tax, imposed pursuant to chapter
34 143, RSMo, equal to one and one-half percent of their gross salary paid at such
35 facility earned for each of the three years that the facility receives the tax credit
36 provided by this section, so long as they were qualified employees of such
37 entity. The employer shall calculate the amount of such credit and shall report
38 the amount to the employee and the department of revenue.

39 3. A tax credit against income taxes owed pursuant to chapter 143, 147
40 or 148, RSMo, other than the taxes withheld pursuant to sections 143.191 to
41 143.265, RSMo, in lieu of the credit against income taxes as provided in
42 subsection 1 of this section, may be taken by such an entity in a distressed
43 community in an amount of forty percent of the amount of funds expended for
44 computer equipment and its maintenance, medical laboratories and equipment,
45 research laboratory equipment, manufacturing equipment, fiber optic equipment,
46 high speed telecommunications, wiring or software development expense up to a
47 maximum of seventy-five thousand dollars in tax credits for such equipment or
48 expense per year per entity and for each of three years after commencement in
49 or moving operations into a distressed community.

50 4. A corporation, partnership or sole partnership, which has no more than
51 one hundred employees for whom payroll taxes are paid, which is already located
52 in a distressed community and which expends funds for such equipment pursuant
53 to subsection 3 of this section in an amount exceeding its average of the prior two
54 years for such equipment, shall be eligible to receive a tax credit against income
55 taxes owed pursuant to chapters 143, 147 and 148, RSMo, in an amount equal to
56 the lesser of seventy-five thousand dollars or twenty-five percent of the funds
57 expended for such additional equipment per such entity. Tax credits allowed
58 pursuant to this subsection or subsection 1 of this section may be carried [back
59 to any of the three prior tax years and carried] forward to any of the **following**
60 five tax years.

61 5. An existing corporation, partnership or sole proprietorship that is
62 located within a distressed community and that relocates employees from another
63 facility outside of the distressed community to its facility within the distressed
64 community, and an existing business located within a distressed community that
65 hires new employees for that facility may both be eligible for the tax credits
66 allowed by subsections 1 and 3 of this section. To be eligible for such tax credits,

67 such a business, during one of its tax years, shall employ within a distressed
68 community at least twice as many employees as were employed at the beginning
69 of that tax year. A business hiring employees shall have no more than one
70 hundred employees before the addition of the new employees. This subsection
71 shall only apply to a business which is a manufacturing, biomedical, medical
72 devices, scientific research, animal research, computer software design or
73 development, computer programming or telecommunications business, or a
74 professional firm.

75 6. Tax credits shall be approved for applicants meeting the requirements
76 of this section in the order that such applications are received. Certificates of tax
77 credits issued in accordance with this section may be transferred, sold or assigned
78 by notarized endorsement which names the transferee.

79 7. The tax credits allowed pursuant to subsections 1, 2, 3, 4 and 5 of this
80 section shall be for an amount of no more than ten million dollars for each year
81 beginning in 1999. The total maximum credit for all entities already located in
82 distressed communities and claiming credits pursuant to subsection 4 of this
83 section shall be seven hundred and fifty thousand dollars. The department of
84 economic development in approving taxpayers for the credit as provided for in
85 subsection 6 of this section shall use information provided by the department of
86 revenue regarding taxes paid in the previous year, or projected taxes for those
87 entities newly established in the state, as the method of determining when this
88 maximum will be reached and shall maintain a record of the order of
89 approval. Any tax credit not used in the period for which the credit was approved
90 may be carried over **five years** until the full credit has been allowed.

91 8. A Missouri employer relocating into a distressed community and having
92 employees covered by a collective bargaining agreement at the facility from which
93 it is relocating shall not be eligible for the credits in subsection 1, 3, 4 or 5 of this
94 section, and its employees shall not be eligible for the credit in subsection 2 of
95 this section if the relocation violates or terminates a collective bargaining
96 agreement covering employees at the facility, unless the affected collective
97 bargaining unit concurs with the move.

98 9. Notwithstanding any provision of law to the contrary, no taxpayer shall
99 earn the tax credits allowed in this section and the tax credits otherwise allowed
100 in section 135.110, or the tax credits, exemptions, and refund otherwise allowed
101 in sections 135.200, 135.220, 135.225 and 135.245, respectively, for the same
102 business for the same tax period.

135.545. A taxpayer shall be allowed a credit for taxes paid pursuant to

2 chapter 143, 147 or 148, RSMo, in an amount equal to fifty percent of a qualified
3 investment in transportation development for aviation, mass transportation,
4 including parking facilities for users of mass transportation, railroads, ports,
5 including parking facilities and limited access roads within ports, waterborne
6 transportation, bicycle and pedestrian paths, or rolling stock located in a
7 distressed community as defined in section 135.530, and which are part of a
8 development plan approved by the appropriate local agency. If the department
9 of economic development determines the investment has been so approved, the
10 department shall grant the tax credit in order of date received. A taxpayer may
11 carry forward any unused tax credit for up to **[ten] five** years **[and may carry it**
12 **back for the previous three years]** until such credit has been fully
13 claimed. Certificates of tax credit issued in accordance with this section may be
14 transferred, sold or assigned by notarized endorsement which names the
15 transferee. The tax credits allowed pursuant to this section shall be for an
16 amount of no more than ten million dollars for each year. This credit shall apply
17 to returns filed for all taxable years beginning on or after January 1, 1999. Any
18 unused portion of the tax credit authorized pursuant to this section shall be
19 available for use in the future by those entities until fully claimed.

253.545. As used in sections 253.545 to 253.559, the following terms mean,
2 unless the context requires otherwise:

3 (1) "Certified historic structure", a property located in Missouri and listed
4 individually on the National Register of Historic Places;

5 (2) "Eligible property", property located in Missouri and offered or used
6 for **[residential or] business purposes;**

7 (3) "Structure in a certified historic district", a structure located in
8 Missouri which is certified by the department of natural resources as contributing
9 to the historic significance of a certified historic district listed on the National
10 Register of Historic Places, or a local district that has been certified by the United
11 States Department of the Interior.

253.557. 1. If the amount of such credit exceeds the total tax liability for
2 the year in which the rehabilitated property is placed in service, the amount that
3 exceeds the state tax liability may be **[carried back to any of the three preceding**
4 **years and]** carried forward for credit against the taxes imposed pursuant to
5 chapter 143, RSMo, and chapter 148, RSMo, except for sections 143.191 to
6 143.265, RSMo, for the succeeding **[ten] five** years, or until the full credit is used,
7 whichever occurs first. Not-for-profit entities, including but not limited to
8 corporations organized as not-for-profit corporations pursuant to chapter 355,

9 RSMo, shall be ineligible for the tax credits authorized under sections 253.545
10 through 253.561. Taxpayers eligible for such tax credits may transfer, sell or
11 assign the credits. Credits granted to a partnership, a limited liability company
12 taxed as a partnership or multiple owners of property shall be passed through to
13 the partners, members or owners respectively pro rata or pursuant to an executed
14 agreement among the partners, members or owners documenting an alternate
15 distribution method.

16 2. The assignee of the tax credits, hereinafter the assignee for purposes
17 of this subsection, may use acquired credits to offset up to one hundred percent
18 of the tax liabilities otherwise imposed pursuant to chapter 143, RSMo, and
19 chapter 148, RSMo, except for sections 143.191 to 143.265, RSMo. The assignor
20 shall perfect such transfer by notifying the department of economic development
21 in writing within thirty calendar days following the effective date of the transfer
22 and shall provide any information as may be required by the department of
23 economic development to administer and carry out the provisions of this section.

253.559. 1. To claim the credit authorized pursuant to sections 253.550
2 to 253.561 of senate bill no. 1 of the second extraordinary session of the
3 eighty-ninth general assembly and section 253.557 of this act, the taxpayer shall
4 apply to the department of economic development which, in consultation with the
5 department of natural resources, shall determine the amount of eligible
6 rehabilitation costs and expenses and whether the rehabilitation meets the
7 standards of the Secretary of the United States Department of the Interior for
8 rehabilitation as determined by the state historic preservation officer of the
9 Missouri department of natural resources. For financial institutions credits
10 authorized pursuant to sections 253.550 to 253.561 shall be deemed to be
11 "economic development credits" for purposes of section 148.064, RSMo. The
12 issuing of certificates of eligible credits to taxpayers shall be performed by the
13 department of economic development. The taxpayer shall attach the certificate
14 to all Missouri income tax returns on which the credit is claimed.

15 2. **A taxpayer may only claim the tax credit provided in sections**
16 **253.545 to 253.561 once for an eligible property.**

17 3. The department of economic development shall determine, on an annual
18 basis, the overall economic impact to the state from the rehabilitation of eligible
19 property.

320.093. 1. Any person, firm or corporation who purchases a dry fire
2 hydrant, as defined in section 320.273, or provides an acceptable means of water
3 storage for such dry fire hydrant including a pond, tank or other storage facility

4 with the primary purpose of fire protection within the state of Missouri, shall be
5 eligible for a credit on income taxes otherwise due pursuant to chapter 143,
6 RSMo, except sections 143.191 to 143.261, RSMo, as an incentive to implement
7 safe and efficient fire protection controls. The tax credit, not to exceed five
8 thousand dollars, shall be equal to fifty percent of the cost in actual expenditure
9 for any new water storage construction, equipment, development and installation
10 of the dry hydrant, including pipes, valves, hydrants and labor for each such
11 installation of a dry hydrant or new water storage facility. The amount of the tax
12 credit claimed for in-kind contributions shall not exceed twenty-five percent of the
13 total amount of the contribution for which the tax credit is claimed.

14 2. Any amount of credit which exceeds the tax due shall not be refunded
15 but may be carried over to any subsequent taxable year, not to exceed [seven]
16 **five** years. The person, firm or corporation may elect to assign to a third party
17 the approved tax credit. The certificate of assignment and other appropriate
18 forms must be filed with the Missouri department of revenue and the department
19 of economic development.

20 3. The person, firm or corporation shall make application for the credit to
21 the department of economic development after receiving approval of the state fire
22 marshal. The fire marshal shall establish by rule promulgated pursuant to
23 chapter 536, RSMo, the requirements to be met based on the National Resources
24 Conservation Service's Missouri Dry Hydrant Standard. The state fire marshal
25 or designated local representative shall authorize and issue a permit for the
26 construction and installation of any dry fire hydrant site. Only approved dry fire
27 hydrant sites will be eligible for tax credits as indicated in this section. Under
28 no circumstance shall such authority deny any entity the ability to provide a dry
29 fire hydrant site when tax credits are not requested.

30 4. The department of economic development shall certify to the
31 department of revenue that the dry hydrant system meets the requirements to
32 obtain a tax credit as specified in subsection 5 of this section.

33 5. In order to qualify for a tax credit under this section, a dry hydrant or
34 new water storage facility must meet the following minimum requirements:

35 (1) Each body of water or water storage structure must be able to provide
36 two hundred fifty gallons per minute for a continuous two-hour period during a
37 fifty-year drought or freeze at a vertical lift of eighteen feet;

38 (2) Each dry hydrant must be located within twenty-five feet of an
39 all-weather roadway and must be accessible to fire protection equipment;

40 (3) Dry hydrants shall be located a reasonable distance from other dry or

41 pressurized hydrants; and

42 (4) The site shall provide a measurable economic improvement potential
43 for rural development.

44 6. New credits shall not be awarded under this section after August 28,
45 2003. The total amount of all tax credits allowed pursuant to this section is five
46 hundred thousand dollars in any one fiscal year as approved by the director of the
47 department of economic development.

48 7. Any rule or portion of a rule, as that term is defined in section 536.010,
49 RSMo, that is created under the authority delegated in this section shall become
50 effective only if it complies with and is subject to all of the provisions of chapter
51 536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter
52 536, RSMo, are nonseverable and if any of the powers vested with the general
53 assembly pursuant to chapter 536, RSMo, to review, to delay the effective date or
54 to disapprove and annul a rule are subsequently held unconstitutional, then the
55 grant of rulemaking authority and any rule proposed or adopted after August 28,
56 1999, shall be invalid and void.

348.302. 1. Any person who makes a qualified contribution to a qualified
2 fund shall be entitled to receive a tax credit equal to fifty percent of the amount
3 of the qualified contribution. The tax credit shall be evidenced by a tax credit
4 certificate in accordance with the provisions of sections 348.300 to 348.318 and
5 may be used to satisfy the state tax liability of the owner of such certificate that
6 becomes due in the tax year in which the qualified contribution is made, or in any
7 of the [ten] **five** tax years thereafter. No person may receive a tax credit
8 pursuant to sections 348.300 to 348.318 unless that person presents a tax credit
9 certificate to the department of revenue for payment of such state tax liability.

10 2. The amount of such qualified contributions which can be made is
11 limited so that the aggregate of all tax credits authorized under the provisions of
12 sections 348.300 to 348.318 shall not exceed nine million dollars. All tax credits
13 authorized under the provisions of this section may be transferred, sold or
14 assigned.

447.708. 1. For eligible projects, the director of the department of
2 economic development, with notice to the directors of the departments of natural
3 resources and revenue, and subject to the other provisions of sections 447.700 to
4 447.718, may not create a new enterprise zone but may decide that a prospective
5 operator of a facility being remedied and renovated pursuant to sections 447.700
6 to 447.718 may receive the tax credits and exemptions pursuant to sections
7 135.100 to 135.150, RSMo, and sections 135.200 to 135.257, RSMo. The tax

8 credits allowed pursuant to this subsection shall be used to offset the tax imposed
9 by chapter 143, RSMo, excluding withholding tax imposed by sections 143.191 to
10 143.265, RSMo, or the tax otherwise imposed by chapter 147, RSMo, or the tax
11 otherwise imposed by chapter 148, RSMo. For purposes of this subsection:

12 (1) For receipt of the ad valorem tax abatement pursuant to section
13 135.215, RSMo, the eligible project must create at least ten new jobs or retain
14 businesses which supply at least twenty-five existing jobs. The city, or county if
15 the eligible project is not located in a city, must provide ad valorem tax
16 abatement of at least fifty percent for a period not less than ten years and not
17 more than twenty-five years;

18 (2) For receipt of the income tax exemption pursuant to section 135.220,
19 RSMo, and tax credit for new or expanded business facilities pursuant to sections
20 135.100 to 135.150, and 135.225, RSMo, the eligible project must create at least
21 ten new jobs or retain businesses which supply at least twenty-five existing jobs,
22 or combination thereof. For purposes of sections 447.700 to 447.718, the tax
23 credits described in section 135.225, RSMo, are modified as follows: the tax credit
24 shall be four hundred dollars per employee per year, an additional four hundred
25 dollars per year for each employee exceeding the minimum employment
26 thresholds of ten and twenty-five jobs for new and existing businesses,
27 respectively, an additional four hundred dollars per year for each person who is
28 "a person difficult to employ" as defined by section 135.240, RSMo, and
29 investment tax credits at the same amounts and levels as provided in subdivision
30 (4) of subsection 1 of section 135.225, RSMo;

31 (3) For eligibility to receive the income tax refund pursuant to section
32 135.245, RSMo, the eligible project must create at least ten new jobs or retain
33 businesses which supply at least twenty-five existing jobs, or combination thereof,
34 and otherwise comply with the provisions of section 135.245, RSMo, for
35 application and use of the refund and the eligibility requirements of this section;

36 (4) The eligible project operates in compliance with applicable
37 environmental laws and regulations, including permitting and registration
38 requirements, of this state as well as the federal and local requirements;

39 (5) The eligible project operator shall file such reports as may be required
40 by the director of economic development or the director's designee;

41 (6) The taxpayer may claim the state tax credits authorized by this
42 subsection and the state income exemption for a period not in excess of [ten] **five**
43 consecutive tax years. For the purpose of this section, "taxpayer" means an
44 individual proprietorship, partnership or corporation described in section 143.441

45 or 143.471, RSMo, who operates an eligible project. The director shall determine
46 the number of years the taxpayer may claim the state tax credits and the state
47 income exemption based on the projected net state economic benefits attributed
48 to the eligible project;

49 (7) For the purpose of meeting the new job requirement prescribed in
50 subdivisions (1), (2) and (3) of this subsection, it shall be required that at least
51 ten new jobs be created and maintained during the taxpayer's tax period for
52 which the credits are earned, in the case of an eligible project that does not
53 replace a similar facility in Missouri. "New job" means a person who was not
54 previously employed by the taxpayer or related taxpayer within the twelve-month
55 period immediately preceding the time the person was employed by that taxpayer
56 to work at, or in connection with, the eligible project on a full-time
57 basis. "Full-time basis" means the employee works an average of at least
58 thirty-five hours per week during the taxpayer's tax period for which the tax
59 credits are earned. For the purposes of this section, "related taxpayer" has the
60 same meaning as defined in subdivision (9) of section 135.100, RSMo;

61 (8) For the purpose of meeting the existing job retention requirement, if
62 the eligible project replaces a similar facility that closed elsewhere in Missouri
63 prior to the end of the taxpayer's tax period in which the tax credits are earned,
64 it shall be required that at least twenty-five existing jobs be retained at, and in
65 connection with the eligible project, on a full-time basis during the taxpayer's tax
66 period for which the credits are earned. "Retained job" means a person who was
67 previously employed by the taxpayer or related taxpayer, at a facility similar to
68 the eligible project that closed elsewhere in Missouri prior to the end of the
69 taxpayer's tax period in which the tax credits are earned, within the tax period
70 immediately preceding the time the person was employed by the taxpayer to work
71 at, or in connection with, the eligible project on a full-time basis. "Full-time
72 basis" means the employee works an average of at least thirty-five hours per week
73 during the taxpayer's tax period for which the tax credits are earned;

74 (9) In the case where an eligible project replaces a similar facility that
75 closed elsewhere in Missouri prior to the end of the taxpayer's tax period in which
76 the tax credits are earned, the owner and operator of the eligible project shall
77 provide the director with a written statement explaining the reason for
78 discontinuing operations at the closed facility. The statement shall include a
79 comparison of the activities performed at the closed facility prior to the date the
80 facility ceased operating, to the activities performed at the eligible project, and
81 a detailed account describing the need and rationale for relocating to the eligible

82 project. If the director finds the relocation to the eligible project significantly
83 impaired the economic stability of the area in which the closed facility was
84 located, and that such move was detrimental to the overall economic development
85 efforts of the state, the director may deny the taxpayer's request to claim tax
86 benefits;

87 (10) Notwithstanding any provision of law to the contrary, for the purpose
88 of this section, the number of new jobs created and maintained, the number of
89 existing jobs retained, and the value of new qualified investment used at the
90 eligible project during any tax year shall be determined by dividing by twelve, in
91 the case of jobs, the sum of the number of individuals employed at the eligible
92 project, or in the case of new qualified investment, the value of new qualified
93 investment used at the eligible project, on the last business day of each full
94 calendar month of the tax year. If the eligible project is in operation for less than
95 the entire tax year, the number of new jobs created and maintained, the number
96 of existing jobs retained, and the value of new qualified investment created at the
97 eligible project during any tax year shall be determined by dividing the sum of
98 the number of individuals employed at the eligible project, or in the case of new
99 qualified investment, the value of new qualified investment used at the eligible
100 project, on the last business day of each full calendar month during the portion
101 of the tax year during which the eligible project was in operation, by the number
102 of full calendar months during such period;

103 (11) For the purpose of this section, "new qualified investment" means
104 new business facility investment as defined and as determined in subdivision (7)
105 of section 135.100, RSMo, which is used at and in connection with the eligible
106 project. "New qualified investment" shall not include small tools, supplies and
107 inventory. "Small tools" means tools that are portable and can be hand held.

108 2. The determination of the director of economic development pursuant to
109 subsection 1 of this section, shall not affect requirements for the prospective
110 purchaser to obtain the approval of the granting of real property tax abatement
111 by the municipal or county government where the eligible project is located.

112 3. (1) The director of the department of economic development, with the
113 approval of the director of the department of natural resources, may, in addition
114 to the tax credits allowed in subsection 1 of this section, grant a remediation tax
115 credit to the applicant for up to one hundred percent of the costs of materials,
116 supplies, equipment, labor, professional engineering, consulting and architectural
117 fees, permitting fees and expenses, demolition, asbestos abatement, and direct
118 utility charges for performing the voluntary remediation activities for the

119 preexisting hazardous substance contamination and releases, including, but not
120 limited to, the costs of performing operation and maintenance of the remediation
121 equipment at the property beyond the year in which the systems and equipment
122 are built and installed at the eligible project and the costs of performing the
123 voluntary remediation activities over a period not in excess of four tax years
124 following the taxpayer's tax year in which the system and equipment were first
125 put into use at the eligible project, provided the remediation activities are the
126 subject of a plan submitted to, and approved by, the director of natural resources
127 pursuant to sections 260.565 to 260.575, RSMo.

128 (2) The director of the department of economic development, with the
129 approval of the director of the department of natural resources, may, in addition
130 to the tax credits otherwise allowed in this section, grant a demolition tax credit
131 to the applicant for up to one hundred percent of the costs of demolition that are
132 not part of the voluntary remediation activities, provided that the demolition is
133 either on the property where the voluntary remediation activities are occurring
134 or on any adjacent property, and that the demolition is part of a redevelopment
135 plan approved by the municipal or county government and the department of
136 economic development.

137 (3) The amount of remediation and demolition tax credits issued shall be
138 limited to the least amount necessary to cause the project to occur, as determined
139 by the director of the department of economic development.

140 (4) The director may, with the approval of the director of natural
141 resources, extend the tax credits allowed for performing voluntary remediation
142 maintenance activities, in increments of three-year periods, not to exceed five
143 consecutive three-year periods. The tax credits allowed in this subsection shall
144 be used to offset the tax imposed by chapter 143, RSMo, excluding withholding
145 tax imposed by sections 143.191 to 143.265, RSMo, or the tax otherwise imposed
146 by chapter 147, RSMo, or the tax otherwise imposed by chapter 148, RSMo. The
147 remediation and demolition tax credit may be taken in the same tax year in which
148 the tax credits are received or may be taken over a period not to exceed [twenty]
149 **five** years.

150 (5) The project facility shall be projected to create at least ten new jobs
151 or at least twenty-five retained jobs, or a combination thereof, as determined by
152 the department of economic development, to be eligible for tax credits pursuant
153 to this section.

154 (6) No more than seventy-five percent of earned remediation tax credits
155 may be issued when the remediation costs were paid, and the remaining

156 percentage may be issued when the department of natural resources issues a
157 "Letter of Completion" letter or covenant not to sue following completion of the
158 voluntary remediation activities. It shall not include any costs associated with
159 ongoing operational environmental compliance of the facility or remediation costs
160 arising out of spills, leaks, or other releases arising out of the ongoing business
161 operations of the facility.

162 4. In the exercise of the sound discretion of the director of the department
163 of economic development or the director's designee, the tax credits and
164 exemptions described in this section may be terminated, suspended or revoked,
165 if the eligible project fails to continue to meet the conditions set forth in this
166 section. In making such a determination, the director shall consider the severity
167 of the condition violation, actions taken to correct the violation, the frequency of
168 any condition violations and whether the actions exhibit a pattern of conduct by
169 the eligible facility owner and operator. The director shall also consider changes
170 in general economic conditions and the recommendation of the director of the
171 department of natural resources, or his or her designee, concerning the severity,
172 scope, nature, frequency and extent of any violations of the environmental
173 compliance conditions. The taxpayer or person claiming the tax credits or
174 exemptions may appeal the decision regarding termination, suspension or
175 revocation of any tax credit or exemption in accordance with the procedures
176 outlined in subsections 4 to 6 of section 135.250, RSMo. The director of the
177 department of economic development shall notify the directors of the departments
178 of natural resources and revenue of the termination, suspension or revocation of
179 any tax credits as determined in this section or pursuant to the provisions of
180 section 447.716.

181 5. Notwithstanding any provision of law to the contrary, no taxpayer shall
182 earn the tax credits, exemptions or refund otherwise allowed in subdivisions (2),
183 (3) and (4) of subsection 1 of this section and the tax credits otherwise allowed in
184 section 135.110, RSMo, or the tax credits, exemptions and refund otherwise
185 allowed in sections 135.215, 135.220, 135.225 and 135.245, RSMo, respectively,
186 for the same facility for the same tax period.

187 6. The total amount of the tax credits allowed in subsection 1 of this
188 section may not exceed the greater of:

189 (1) That portion of the taxpayer's income attributed to the eligible project;
190 or

191 (2) One hundred percent of the total business' income tax if the eligible
192 facility does not replace a similar facility that closed elsewhere in Missouri prior

193 to the end of the taxpayer's tax period in which the tax credits are earned, and
194 further provided the taxpayer does not operate any other facilities besides the
195 eligible project in Missouri; fifty percent of the total business' income tax if the
196 eligible facility replaces a similar facility that closed elsewhere in Missouri prior
197 to the end of the taxpayer's tax period in which the credits are earned, and
198 further provided the taxpayer does not operate any other facilities besides the
199 eligible project in Missouri; or twenty-five percent of the total business income if
200 the taxpayer operates, in addition to the eligible facility, any other facilities in
201 Missouri. In no case shall a taxpayer operating more than one eligible project in
202 Missouri be allowed to offset more than twenty-five percent of the taxpayer's
203 business income in any tax period. That portion of the taxpayer's income
204 attributed to the eligible project as referenced in subdivision (1) of this
205 subsection, for which the credits allowed in sections 135.110 and 135.225, RSMo,
206 and subsection 3 of this section, may apply, shall be determined in the same
207 manner as prescribed in subdivision (6) of section 135.100, RSMo. That portion
208 of the taxpayer's franchise tax attributed to the eligible project for which the
209 remediation tax credit may offset, shall be determined in the same manner as
210 prescribed in paragraph (a) of subdivision (6) of section 135.100, RSMo.

211 7. Taxpayers claiming the state tax benefits allowed in subdivisions (2)
212 and (3) of subsection 1 of this section shall be required to file all applicable tax
213 credit applications, forms and schedules prescribed by the director during the
214 taxpayer's tax period immediately after the tax period in which the eligible
215 project was first put into use. Otherwise, the taxpayer's right to claim such state
216 tax benefits shall be forfeited. Unused business facility and enterprise zone tax
217 credits shall not be carried forward but shall be initially claimed for the tax
218 period during which the eligible project was first capable of being used, and
219 during any applicable subsequent tax periods.

220 8. Taxpayers claiming the remediation tax credit allowed in subsection 3
221 of this section shall be required to file all applicable tax credit applications, forms
222 and schedules prescribed by the director during the taxpayer's tax period
223 immediately after the tax period in which the eligible project was first put into
224 use, or during the taxpayer's tax period immediately after the tax period in which
225 the voluntary remediation activities were performed.

226 9. The recipient of remediation tax credits, for the purpose of this
227 subsection referred to as assignor, may assign, sell or transfer, in whole or in
228 part, the remediation tax credit allowed in subsection 3 of this section, to any
229 other person, for the purpose of this subsection referred to as assignee. To perfect

230 the transfer, the assignor shall provide written notice to the director of the
231 assignor's intent to transfer the tax credits to the assignee, the date the transfer
232 is effective, the assignee's name, address and the assignee's tax period and the
233 amount of tax credits to be transferred. The number of tax periods during which
234 the assignee may subsequently claim the tax credits shall not exceed [twenty]
235 **five** tax periods, less the number of tax periods the assignor previously claimed
236 the credits before the transfer occurred.

237 10. In the case where an operator and assignor of an eligible project has
238 been certified to claim state tax benefits allowed in subdivisions (2) and (3) of
239 subsection 1 of this section, and sells or otherwise transfers title of the eligible
240 project to another taxpayer or assignee who continues the same or substantially
241 similar operations at the eligible project, the director shall allow the assignee to
242 claim the credits for a period of time to be determined by the director; except
243 that, the total number of tax periods the tax credits may be earned by the
244 assignor and the assignee shall not exceed ten. To perfect the transfer, the
245 assignor shall provide written notice to the director of the assignor's intent to
246 transfer the tax credits to the assignee, the date the transfer is effective, the
247 assignee's name, address, and the assignee's tax period, and the amount of tax
248 credits to be transferred.

249 11. For the purpose of the state tax benefits described in this section, in
250 the case of a corporation described in section 143.471, RSMo, or partnership, in
251 computing Missouri's tax liability, such state benefits shall be allowed to the
252 following:

253 (1) The shareholders of the corporation described in section 143.471,
254 RSMo;

255 (2) The partners of the partnership.

256 The credit provided in this subsection shall be apportioned to the entities
257 described in subdivisions (1) and (2) of this subsection in proportion to their share
258 of ownership on the last day of the taxpayer's tax period.

620.650. 1. The sole purpose of each qualified fund is to make
2 investments. One hundred percent of investments made from qualified
3 contributions shall be qualified investments.

4 2. Any person who makes a qualified contribution to a qualified fund shall
5 receive a tax credit against the tax otherwise due pursuant to chapter 143, RSMo,
6 chapter 147, RSMo, or chapter 148, RSMo, other than taxes withheld pursuant
7 to sections 143.191 to 143.265, RSMo, in an amount equal to one hundred percent
8 of such person's qualified contribution.

9 3. Such person shall submit to the department an application for the tax
10 credit on a form provided by the department. The department shall award tax
11 credits in the order the applications are received and based upon the strategy
12 approved by the board. Tax credits issued pursuant to this section may be
13 claimed for the tax year in which the qualified contribution is made or in any of
14 the following [ten] **five** years, and may be assigned, transferred or sold.

15 4. There is hereby imposed on each qualified fund a tax equal to fifteen
16 percent of the qualified fund's uninvested capital at the close of such qualified
17 fund's tax year. For purposes of tax computation, any distribution made by a
18 qualified fund during a tax year is deemed made at the end of such tax
19 year. Each tax year, every qualified fund shall remit the tax imposed by this
20 section to the director of the department of revenue for deposit in the state
21 treasury to the credit of the general revenue fund.

 [135.700. For all tax years beginning on or after January 1,
2 1999, a grape grower or wine producer shall be allowed a tax credit
3 against the state tax liability incurred pursuant to chapter 143,
4 RSMo, exclusive of the provisions relating to the withholding of tax
5 as provided in sections 143.191 to 143.265, RSMo, in an amount
6 equal to twenty-five percent of the purchase price of all new
7 equipment and materials used directly in the growing of grapes or
8 the production of wine in the state. Each grower or producer shall
9 apply to the department of economic development and specify the
10 total amount of such new equipment and materials purchased
11 during the calendar year. The department of economic
12 development shall certify to the department of revenue the amount
13 of such tax credit to which a grape grower or wine producer is
14 entitled pursuant to this section. The provisions of this section
15 notwithstanding, a grower or producer may only apply for and
16 receive the credit authorized by this section for five tax periods.]

 [135.750. 1. Beginning January 1, 1999, a taxpayer shall
2 be granted a tax credit against the tax otherwise due pursuant to
3 chapter 143, RSMo, excluding withholding tax imposed by sections
4 143.191 to 143.261, RSMo, or chapter 148, RSMo, for up to fifty
5 percent of the amount of investment in production or
6 production-related activities in a qualified film production project.
7 As used in this section, the term "taxpayer" means an individual,
8 a partnership, or a corporation as described in section 143.441,

9 143.471, RSMo, or section 148.370, RSMo, and the term "qualified
10 film production project" means any film production project with an
11 expected in-state expenditure budget in excess of three hundred
12 thousand dollars. Each film production company shall be limited
13 to one qualified film production project per year. Activities
14 qualifying a taxpayer for the tax credit pursuant to this subsection
15 shall be approved by the office of the Missouri film commission and
16 the department of economic development.

17 2. Taxpayers shall apply for the film production tax credit
18 by submitting an application to the department of economic
19 development, on a form provided by the department. As part of the
20 application, the expected in-state expenditures of the qualified film
21 production project shall be documented. In addition, the
22 application shall include an economic impact statement, showing
23 the economic impact from the activities of the film production
24 project. Such economic impact statement shall indicate the impact
25 on the region of the state in which the film production or
26 production-related activities are located and on the state as a
27 whole.

28 3. Tax credits certified pursuant to subsection 1 of this
29 section shall not exceed one million dollars per taxpayer per year,
30 and shall not exceed a total for all tax credits certified of one
31 million five hundred thousand dollars per year. Taxpayers may
32 carry forward unused credits for up to five tax periods, provided all
33 such credits shall be claimed within ten tax periods following the
34 tax period in which the film production or production-related
35 activities for which the credits are certified by the department
36 occurred.

37 4. Notwithstanding any provision of law to the contrary,
38 any taxpayer may sell, assign, exchange, convey or otherwise
39 transfer tax credits allowed in subsection 1 of this section. The
40 taxpayer acquiring the tax credits may use the acquired credits to
41 offset the tax liabilities otherwise imposed by chapter 143, RSMo,
42 excluding withholding tax imposed by sections 143.191 to 143.261,
43 RSMo, or chapter 148, RSMo. Unused acquired credits may be
44 carried forward for up to five tax periods, provided all such credits
45 shall be claimed within ten tax periods following the tax period in

46 which the film production or production-related activities for which
47 the credits are certified by the department occurred.]

2 [135.766. An eligible small business, as defined in Section
3 44 of the Internal Revenue Code, shall be allowed a credit against
4 the tax otherwise due pursuant to chapter 143, RSMo, not
5 including sections 143.191 to 143.265, RSMo, in an amount equal
6 to any amount paid by the eligible small business to the United
7 States Small Business Administration as a guaranty fee pursuant
8 to obtaining Small Business Administration guaranteed financing
9 and to programs administered by the United States Department of
Agriculture for rural development or farm service agencies.]

✓

Bill

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